



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

The True Nature of Value. By RUFUS FARRINGTON SPRAGUE.
Chicago: The University of Chicago Press, 1907. Pp.
xiv+178.

It is clear enough that goods exchange because of desires for them due to the utilities which they afford. And yet it is equally clear—Mr. Sprague insists—that the exchange relations do not express the relative utilities of the goods exchanged, and that Bastiat was not at the bottom of things when he attempted to explain the exchange of one good against another as the expression and the proof of the equality of the services rendered by the two goods. For, while Mr. Sprague goes along with Bastiat in appraising the service offered by any seller at the importance of the pains of production that are spared to the buyer, it yet remains to explain the quantum of these avoided pains of production: why are these as they are? This, it is urged, must be due to the objective difficulties attendant upon the production process—to the “objective hindrances” in the way of bringing the particular goods into existence. Thus that two goods exchange against each other is due to the fact and is the proof of the fact that the respective hindrances of production are at an objective equality. With Sprague, then, as with Bastiat, the value equivalences of goods are presented as “wholly due to equivalences in the utilities of the services rendered,” but with Sprague it is added that “these services have equivalent utilities only when, and only because, they surmount equal hindrances” (p. 54).

That is to say, the utility of the productive effort devoted to the making of a good is not properly to be expressed as dependent upon the gratification going with the consumption of the product, but as determined by the pains of production to which the consumer, if producing for himself, would have been subjected in the productive process—a concept closely approaching that of subjective value in the Austrian analysis.

It is thus evident that we have to do with a cost-of-production explanation for value rather than fundamentally with a utility explanation (as is, by the way, the case with the Austrian theory), and that this cost ultimately reduces to a labor-pain quantity.

But, even so, there still remains the problem of reducing all the pain-costs of production to a homogeneity of pain-quality, if market values are to stand as proportional to costs. Is this homogeneity

attainable? If the "objective hindrances" underlying and upholding the cost—or constituting the costs—are susceptible of reduction to a common denominator, the solution is reached—if only the pains of production spared to the purchaser may be established as proportional to the objective hindrances.

It is freely admitted by Mr. Sprague that the gravity of the resistance offered to production must, for different individuals, vary with their varying productive capacities; but these variations in individual capacity are excluded from consideration on the ground that "they afford no common data for fixing the terms of an exchange which shall be fair and just" (p. 72). Only those elements are taken into account which are based upon impersonal and objective data" (p. 73)—the technological hindrances. An equitable—and seemingly therefore, an actual—basis of exchange relations can be discovered only when each party to an exchange surmounts "a hindrance that is the exact equivalent of the hindrance surmounted by the other" (p. 76). "The only measure of the utility of a service is to be found in the greater or less hindrance to be overcome" (p. 77).

A unit of hindrance is therefore imperatively required; this unit is discovered in the unit of conventional exchange medium—the dollar or franc or pound or mark. Thus money comes to stand as the common denominator of hindrances:

Whenever a sum of money is accepted as the compensation for a service that surmounts a hindrance, it shows that the hindrance in producing the article is the equivalent of the hindrance necessary to be overcome in the production of the metal from which the money is struck (p. 147).

By this method money-costs appear to be made to stand as symbols of pain-costs, and as such, come to be admitted as costs reducible to the common denominator of pain.

That all this is strongly reminiscent, now of Cairnes and now of the later social-organism school of value theory, is in no sense fairly to be taken as an objection to it or to any part of it: it is, however, so much the more readily intelligible that no difficulty is experienced with the fact that there are, in some fields or lines of production, workers who enjoy their work even up to the point of its marginal limit; it may surely be said here that society as a whole experiences none of this pleasure. It is, indeed, also clear—to the theorists of this school—that the social experience is necessarily one of pain. And from this point of view also there is no greater

occasion for perplexity because of the fact that for most men the resistance to any one line of production—and the indemnity required for following it—is mostly found in the opposing attractions of some alternative field of activity.

Other possible difficulties with regard to the disposition to be made of wage outlays as costs appear to be avoided by the easy device of regarding all producers as self-employed. Perhaps, however, as with objective hindrances so with the pains of productive effort, the money unit may be regarded as the common denominator of the resistance to be overcome, and thereby pains and compensations be set in strict proportion. If, in view of the relative compensations of the prima donna and the day laborer, this should seem to be passably heroic in method, here again the social-organism doctrine may be pressed to service; perhaps the social pains of production are proportional to the personal compensations for production.

It is at any rate to be said that Mr. Sprague's book is admirably ingenious, compact, and original in thought, as it is admirably clear in point of exposition. Seemingly all has been accomplished that is possible of accomplishment in the direction of reducing market values to terms of the pain-cost experienced by laborers. If, however, cost is interpreted from the point of view of the entrepreneur and in terms of outlays of entrepreneur capital, something further is waiting to be done.

H. J. DAVENPORT

THE UNIVERSITY OF CHICAGO

Ship Subsidies: An Economic Study of the Policy of Subsidizing Merchant Marines. By WALTER T. DUNMORE. Boston and New York: Houghton, Mifflin & Co., 1907. 8vo, pp. xviii+119.

The estimate of the value of Mr. Dunmore's work will depend largely upon one's estimate of the point of view from which he regards the problem. As he sees it,

had there been no protective tariff policy, America would undoubtedly have been carrying her share of the commerce on the seas today. An abolition of all duties would in time enable this country to build up a satisfactory foreign trade marine.

This is not, however, the remedy which Mr. Dunmore advocates for he holds that to be a proposition both impracticable and unwise: